

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS  
SUBCOMMITTEE ON HISTORIC PRESERVATION AND COINAGE  
UNITED STATES HOUSE OF REPRESENTATIVES

STATEMENT ON H. R. 12444

BY

NATIONAL ASSOCIATION OF RETAIL GROCERS OF THE UNITED STATES

FRANK D. REGISTER, EXECUTIVE DIRECTOR

MAY 31, 1978

Mr. Chairman and members of the Committee, my name is Frank D. Register. I am executive director of the National Association of Retail Grocers of the United States with headquarter offices located at Reston International Center, Reston, Virginia. NARGUS has represented independent retail grocers for over 80 years. It has over 40,000 members in the United States. It's governing board is composed entirely of independent grocery store operators from 16 states. NARGUS members operate small stores and supermarkets.

We thank you for the opportunity to testify in regard to the proposal in H. R. 12444, calling for the minting of a new one-dollar coin. We also appreciate very much our being invited by the Director of the U. S. Mint and by Treasury Department officials to a meeting on May 15 at which the purpose of the coin, and what the Treasury hoped to achieve through its use was explained. This concern of our government officials as to the impact of proposed programs is deeply appreciated, and we want to assure both you and the Treasury that we will attempt to provide what we hope are constructive comments about this matter.

As we understand the proposal, the Treasury Department believes that it will save some \$4 million to \$5 million per year, because of the longer life of the proposed coin, as contrasted with one dollar currency. Also, we understand that by using the coin to replace about 20% of the one dollar notes in circulation, the need to build new facilities for the Bureau of Engraving and Printing can be deferred for years.

The proposal, however, raises some real concerns among retail grocers, and these concerns involve the customers they serve. Almost without exception, the grocers whom I have talked with about the proposal

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state that they have had very limited success in getting customer acceptance of the \$2 bill, recently reintroduced in their stores. Customers do not want the \$2 bill and often refuse to accept it. To somewhat the same extent, customers often refuse to accept the half dollar coin.

Perhaps psychologists could tell us why people resist something new and different, but many customers say they are afraid of inadvertently using the \$2 bill where they intended to use the one dollar bill. It would seem that with a dollar coin, somewhat similar to a quarter in size, the problem of confusion would be compounded.

With the intention of having both one dollar bills and one dollar coins in circulation at the same time, the customer would be even more likely to insist on receiving the one dollar note, since there would be a choice. Retailers must rely on customer goodwill, and cannot be in the position of forcing customers to accept something they don't want. We understand there is no plan for a complete conversion to the dollar coin.

While there have been silver dollars around for a long time, this proposal would introduce, for the first time, a situation where two items of exchange of exactly the same value but in different forms would be in wide circulation at the same time. This would appear to cause widespread confusion for both consumers and for the cashier attempting to make change at a checkout counter.

Treasury Department officials state that most cash drawers have five positions for coins now, and the dollar coin would have a place alongside the penny, nickel, dime and quarter. While this may be true, assuming that the half dollar will not reappear in circulation in any great

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quantities, the extra slot has been utilized for many purposes by retailers to expedite the change making procedures, such as rolled up coins, food stamps, and many other uses. A new type of money in circulation is going to create the need for changes in procedure, and, in many instances, new equipment for food retailers.

It is our understanding that if this legislation goes into effect this year, the new coins will be in circulation early in 1979. We submit that for a major change in the U. S. money system this provides very little time for public acceptance to be developed, or for businesses to adapt to handling it.

We believe the proposal needs considerable study and a longer lead time for implementing the coin usage. If there is not public acceptance of the coin, the efforts of the Treasury in developing this coin, and in minting it, are going to be futile. The situation will be identical to that experience with the \$2 bill and the 50 cent coin.

We urge that this bill not be enacted, and further study be made of the impact of the dollar coin from the standpoint of the consumer and from the standpoint of those who deal with the consumer.

*40% of 3 million <sup>cash</sup> reg. have 4 change + 4 currency dept -  
modification of existing equip would be reg;  
also \$5 in coin changing machines*

*Leach - Cash machines be adapted?*

*R - Yes, many can, but takes time.*

*Leach - Wise to question acceptability, but not sure  
if \$2 bill good analogy - this is a coin, rather  
than bill. I suspect the issue - quickness*

*→ of acceptability, rather than whether or not it  
will be accepted.*

*R - T wants to replace 20%;*

*Oatman - if focus on coin, one of most popular  
lines to distribute*

*(over)*

*Similarity a/greater  
the problem;*

*Leach - Don't you think people tell diff  
of lovely women + cross men?*

*R - Don't think I can answer that.*

*R - Novelty value at first - but after  
that?*



Q - How many \$2 bills + half dollars do you use?  
R - When consumers refuse to accept them,  
retailer doesn't seek \$2 bill for cash drawn.  
Don't believe retailer has

O - Consumer can't appreciate something  
he doesn't know - Might be prej. + bias  
of retailer as much as or more than p. + b.  
of consumer

→ F - Don't want smaller \$1 coin to go way  
of \$2 bill